

**Testimony by the Honorable Sonny Perdue
Governor of Georgia
Before the U.S. House of Representatives Committee on Energy and
Commerce, Subcommittee on Health
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Good morning, Mr. Chairman, and members of the Committee. Thank you for the opportunity to come before you today to discuss the progress we have made covering our nation's uninsured children – more specifically, reauthorization of the State Children's Health Insurance Program (SCHIP).

As most of you know, SCHIP is an issue about which I have been very vocal. I have been vocal because this is a program that works.

Ten years ago Congress made the health of our children a priority. A Republican Congress and a Democratic President worked together to create SCHIP, a federal-state partnership that would offer the children of low-income, hard-working parents the healthy start in life they deserve.

I have been vocal because SCHIP is a success. Georgia, the ninth largest state in the Union, has the fourth largest program in the country. We've significantly reduced the number of uninsured children in our state. The South has been especially successful, with more than 41% of the current SCHIP population enrolled in southern states.

We've seen this partnership get real results. It works. And it works because it promotes shared responsibility – shared between a family doing what it can and a compassionate public.

SCHIP is not a government handout. It is not for unemployed families on welfare. It helps the children of working parents who not only pay their taxes, but who also pay premiums for the insurance their children receive.

In Georgia we've maintained that shared responsibility and integrity in our program by verifying income and citizenship for each of our applicants. We require monthly premiums for coverage. And like anything else in life, there are consequences for failing to pay premiums.

I have been vocal because I know that families who buy coverage through SCHIP want for their children what we all want for our children. They simply want to have an annual check-up, to get basic immunizations, and to get regular screenings, just like my children received and your children received.

In Georgia, we've been extraordinarily successful in providing basic preventative treatment: roughly 90% of our young children enrolled in Georgia's SCHIP Program (called PeachCare for Kids) for at least 10 months have received the immunizations they needed to prevent debilitating diseases, and over 80% had a primary care doctor.

I have been vocal because a program that works, a program that has a ten year record of proven success, is up for reauthorization and we can't agree on how to continue.

In the last two years a growing number of states have faced shortfalls and have appealed to Congress to receive funding to continue their programs. Watching this, wondering how they will afford the rising costs of health care, are the working parents of millions of our nation's children.

Georgia has done well in implementing SCHIP. We've done too well – in fact, we've been penalized for it. We've enrolled so many kids in SCHIP that our percentage of uninsured children has dropped dramatically. As a state we've grown by over 1.5 million citizens since the inception of the program, however we've cut the number of uninsured children by over 22%.

And because of a flawed funding model that partially bases states' allotments on the number of uninsured children, Georgia, along with our neighbors like Mississippi and North Carolina, are facing growing shortfalls.

The better you are at implementing SCHIP, the less funding you receive. If a state was 100% successful and reached all eligible uninsured children, its funding the next year would be drastically cut – because no children would be uninsured.

Imagine if we used this same logic in our education system: a school that was tasked with reducing their drop-out rate and who achieved their goal of graduating 100% of their students would be rewarded with significantly less funding the following year. This just doesn't make sense.

The current funding formula is also flawed because it hurts fast-growing states, like Georgia, by lagging behind by as much as four years in factoring in quickly-changing population numbers.

In our 2007 fiscal year, the federal government was using population numbers from 2004, 2003 and as far back as 2002. Georgia has grown by almost a million people since 2002. We need data that is reflective of the actual population and need.

I have been vocal about SCHIP because this formula flaw threatens the great progress we have made. I thank my good friend Congressman Nathan Deal for his efforts, along with Congress for addressing the funding shortfall while discussions continue on reauthorization of the program.

These debates give you the opportunity to revisit issues like this flawed formula, and I ask you now to address it in any bill signed into law.

I have been disappointed that the ongoing debate in Congress over the size of the program has completely overshadowed the great success the last ten years have seen.

Equally overshadowed is our opportunity to re-calibrate the program, to better target funding to states and programs that need it. There are several lessons and principles I would like to share with you as your discussions continue.

The key principle of SCHIP is that children should always be top priority. Our resources must focus first on children. This is not the case in every state right now.

Some states have expanded their programs to include health insurance for other groups, even childless adults. But the goal of this program all along was to provide an answer to an insurance need for our most vulnerable population: low income children.

It is a grave mistake to expand taxpayer funded insurance to a level that undermines personal responsibility for those who are able to purchase private insurance on their own. By focusing funding and enrollment efforts on low income children, we are reaching those most in need, those who have no other options.

It is not the role of government to provide health insurance for each and every citizen. Our role is to facilitate personal responsibility. We do this by giving people the information they need to make educated health care choices, and by creating tiers of options that help individuals graduate from public plans. Our goal is for everyone in Georgia to grow in their income such that they are ineligible for SCHIP or Medicaid, but to have affordable health insurance choices when they reach those income levels so that they can purchase a plan that meets their needs.

In Georgia, I have proposed a Health Insurance Partnership where small businesses, low income workers and the state and federal government can all share a portion of the cost of private insurance coverage. I have also proposed tax credits to incentivize businesses to offer affordable high deductible health plan coverage options, and we are working with doctors and hospitals throughout our state to make healthcare quality and

cost information transparent and available to consumers, so they can be in the driver's seat in choosing when and where they seek treatment.

As Governor of a state with a constitutional requirement for a balanced budget, I recognize that we simply do not have unlimited funds for SCHIP. There is a point of diminishing returns when you create a program that becomes so large that states can't afford to participate.

Today we are in an uncertain economic environment where some states face daunting revenue shortfalls. Balancing state budgets means not everyone can continue to enroll uninsured children ... and a program expansion will only cause less participation, enrollment caps or benefit reductions.

With a budget balanced on a yearly basis, a growing state match in a year of revenue shortfalls means cutting funding elsewhere.

Reauthorization of SCHIP allows us to revisit a program that is a nationwide success. It allows us to reevaluate what has worked well and what has not.

It gives us an opportunity to update the over a decade-old formula that we as a nation have outgrown, and to make sure we do not forget the mandate of the program – to ensure the health of our nation's low-income children.

Is more funding needed? Yes. Both Congress and the administration recognize that. But I am very concerned that vast, unsustainable expansions will harm the long term viability of the good program we have now. By focusing funding on low income children and re-targeting a distribution formula that has not changed in a decade, states will continue to make progress in reaching and insuring our children.

As I have said many times, America is a compassionate nation. We must continue to take care of our most vulnerable citizens.

SCHIP is a success story. It's a program that is proven to work. The proof is in the millions of American children who would have otherwise gone without vaccinations, without treatment for earaches and sore throats, without diagnosis of chronic diseases such as diabetes and asthma.

I have been vocal because there is no doubt in my mind that this program must be preserved with its original intent in mind. As you continue to debate its reauthorization and the long term goals, I ask that you look to Governors as a resource.

Thank you again for the opportunity to testify on this important issue.